

COMPANY RESULTS

Bursa Malaysia (BURSA MK)

2Q25: ADV Remains Muted Amid Cautious Sentiment

Bursa's 2Q25 results were broadly in line with expectations, with both yoy and qoq earnings impacted by softer ADV. While current trading volumes remain subdued, they are in line with our projections. We maintain our HOLD rating with a higher target price of RM7.87 (from RM7.29) as we roll forward our valuation to 2026, factoring in a modest ADV recovery supported by the anticipated resumption of Fed rate cuts and a gradual return of risk appetite.

2Q25 RESULTS

Year to 31 Dec (RMm)	2Q25	2Q24	qoq % chg	yoyo % chg	1H25	yoy % chg
Total Revenue	172.6	199.9	(6.4)	(13.7)	357.0	(7.8)
EBITDA	85.4	118.1	(15.2)	(27.7)	186.0	(18.0)
EBITDA margin (%)	51.2%	60.9%	(5.4)	(9.7)	52.1%	(6.5)
PBT	76.0	109.3	(16.5)	(30.4)	167.1	(20.2)
Net Profit	57.1	80.4	(16.2)	(29.1)	125.2	(19.5)
EPS (sen)	7.1	9.9	(16.2)	(29.1)	15.5	(19.5)
Average daily trading value (RMb)	2.32	3.62	(10.2)	(36.0)	2.44	(25.1)
Average daily trading volume (b)	2.93	4.86	(5.9)	(38.8)	2.97	(34.1)

Source: Bursa, UOB Kay Hian

RESULTS

- In line.** Bursa Malaysia (Bursa) reported a 2Q25 net profit of RM57.1m (-29% yoy, -16% qoq), bringing 1H25 earnings to RM125.2m (-20% yoy). The results were broadly in line with our expectations, with 1H25 earnings accounting for 49% of our full-year forecast.
- 1H25 earnings declined yoy**, mainly due to a 15% drop in securities trading revenue from a 25% fall in average daily traded value (ADV) to RM2.44b (1H24:RM3.27b), partially offset by an 8% rise in derivative revenue.
- 2Q25 earnings dropped yoy on softer ADV.** 2Q25 earnings fell 29% yoy, dragged by a 36% drop in securities ADV to RM2.32b, partly due to a high base in 2Q24 (RM3.6b vs 15-year mean of RM2.3b). Stronger market data (+11% yoy) and derivatives revenue (+3% yoy), driven by a 12% growth in FCPO volumes, helped cushion the decline.
- qoq earnings impacted by softer ADV amid US tariff uncertainty.** On a qoq comparison, earnings contracted 16% qoq, in tandem with a 10% qoq decline in ADV to RM2.32b. US tariff uncertainty weighed on market sentiment in 2Q25, pushing market velocity down to 30% from 33% in 1Q25 — slightly below Bursa's long-term average of 32%.

KEY FINANCIALS

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	593	758	700	736	758
EBITDA	355	446	374	402	415
Operating profit	322	411	337	364	377
Net profit (rep./act.)	252	310	256	277	287
Net profit (adj.)	252	310	256	277	287
EPS (sen)	31.2	38.4	31.7	34.2	35.5
PE (x)	24.5	20.0	24.2	22.4	21.6
P/B (x)	7.5	7.1	7.0	6.9	6.8
EV/EBITDA (x)	10.3	8.1	9.6	8.8	8.4
Dividend yield (%)	3.8	5.7	3.9	4.2	4.4
Net margin (%)	42.6	40.9	36.6	37.6	37.9
Net debt/(cash) to equity (%)	(69.9)	(74.5)	(76.0)	(78.2)	(80.7)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	31.4	36.6	29.1	31.0	31.6
Consensus net profit			272.7	284.0	297.3
UOBKH/Consensus (x)			0.94	0.97	0.97

Source: Bursa, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	RM7.66
Target Price	RM7.87
Upside	2.7%
(Previous TP	RM7.29)

COMPANY DESCRIPTION

Bursa is a fully integrated stock exchange offering a wide range of exchange-related services. It also offers information services related to the Malaysian securities market.

STOCK DATA

GICS sector	Financials
Bloomberg ticker:	BURSA MK
Shares issued (m):	809.3
Market cap (RMm):	6,199.2
Market cap (US\$m):	1,462.8
3-mth avg daily t'over (US\$m):	2.2

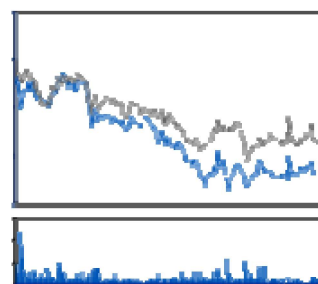
Price Performance (%)

52-week high/low		RM9.96/RM7.20		
1mth	3mth	6mth	1yr	YTD
0.4	2.1	(6.9)	(22.1)	(13.7)

Major Shareholders

	%
Capital Market Development Fund	18.6
EPF	13.9
Kumpulan Wang Persaraan	11.2
FY25 NAV/Share (RM)	1.09
FY25 Net Cash/Share (RM)	0.83

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- **Current ADV tracking our full-year forecast.** Following the Liberation Day tariff announcements by the US, ADV has stabilised at RM2.3b in July – broadly in line with 2Q25 levels – bringing ytd ADV to RM2.44b, which is closely tracking our 2025 forecast of RM2.38b.
- **Outlook: Anticipating a modest rebound.** Factoring in a modest recovery in 4Q25 and into 2026, we project ADV to gradually improve to RM2.53b, supported by expectations of eventual Fed rate cuts that could lift risk sentiment. However, given lingering uncertainty around the macroeconomic fallout from US tariffs, our RM2.53b ADV forecast reflects only a mildly positive risk-on outlook – just slightly above the 15-year mean of RM2.30b.
- **Modest ADV recovery already reflected into current valuations.** The stock is currently trading at 22.6x 2026 PE, in line with its 10-year mean of 23.0x – suggesting that the market is looking past the current weak sentiment (ADV at RM2.30b) and pricing in a modest recovery in 2H25 and 2026 as our 2026 ADV forecast of RM2.53b implies a modest recovery from the current RM2.30b levels.
- **When to turn more bullish?** To gauge potential upside beyond our current target price, we draw parallels to Bursa's recent share price performance, which peaked at RM9.90 in Jul 24 when robust foreign inflows drove ADV to RM4.0b in Jun-Jul 24. From a valuation and target price standpoint, we would turn more constructive only if ADV sustains near the RM3.0b level – at which point, we would look to raise our target price to RM8.86 while ascribing a mean PE of 23.0x.
- **Maintaining ADV assumptions.** We currently maintain our 2025 and 2026 ADV assumptions at RM2.38b and RM2.53b respectively, which are slightly above the historical mean of RM2.30b.

HISTORICAL MARKET VELOCITY, ADV AND MARKET CAPITALISATION

Bursa ADV and Market Velocity trend

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	1H25
KLCI Market Cap (RMb)	1,651	1,695	1,667	1,907	1,700	1,712	1,817	1,789	1,736	1,796	2,081	1,905
ADV (RMb)	2.0	2.0	1.8	2.3	2.4	1.9	4.2	3.7	2.1	2.1	3.1	2.4
Market velocity	30%	30%	27%	32%	32%	28%	64%	49%	30%	29%	40%	32%

Source: UOB Kay Hian, Bursa

EARNINGS REVISION/RISK

- No changes.

VALUATION/RECOMMENDATION

- **Maintain HOLD with a higher target price of RM7.87 (23.0x 2025F PE)**, up from RM7.29, as we roll forward valuations to 2026 to reflect potential market sentiment improvement from anticipated Fed rate cuts, tempered by lingering global growth uncertainty from US tariff headwinds. Our target price implies a mean PE of 23.0x.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) UPDATES

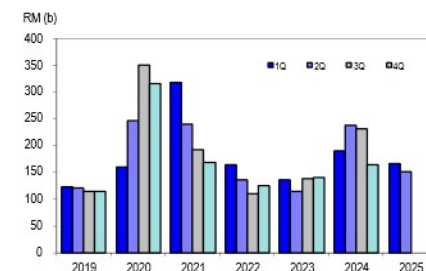
• Environmental - Carbon neutrality and zero greenhouse gas emission targets. Set a target to achieve carbon neutrality by 2022 and zero greenhouse gas emission by 2050.
• Social - Gender diversity. Maintained 42% females in senior management. - Diversity, Equity and Inclusion (DEI). Established a DEI Policy in 2021 to ensure that the organisation is steered by a diverse group of employees in terms of age, ethnicity and gender.
• Governance - Non-independent board of directors composition. Composition of Independent Non-Executive Directors (INED) – 90%.

2026 ADV FORECAST

	2026F
	Average
Overall Market Capitalisation (RMb)	1,900
Market Velocity	33%
Total Value Traded (Market Velocity x Market Cap) (RMb)	627
Number of Trading Days	247
2025 estimated ADV (RMb)	2.53

Source: UOB Kay Hian

VALUE TRADED QUARTERLY TREND



Source: Bursa, UOB Kay Hian

KEY ASSUMPTIONS

	2025F	2026F	2027F
Average Daily Value of Equities (RMb)	2.38	2.53	2.55
Futures Contract (m)	18.3	18.9	19.4
Dividend payout ratio (%)	95.0	95.0	95.0

Source: UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	757.7	699.8	736.3	757.6
EBITDA	446.3	373.8	401.8	415.4
Deprec. & amort.	35.4	36.5	37.6	38.7
EBIT	410.9	337.3	364.2	376.7
Net interest income/(expense)	(0.5)	0.0	0.0	0.0
Pre-tax profit	410.4	337.3	364.2	376.7
Tax	(101.7)	(80.9)	(87.4)	(90.4)
Minorities	1.5	0.0	0.0	1.0
Net profit	310.1	256.3	276.8	287.3
Net profit (adj.)	310.1	256.3	276.8	287.3

BALANCE SHEET

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	245.1	277.1	309.1	341.1
Other LT assets	143.3	142.4	154.4	166.4
Cash/ST investment	658.6	681.2	711.7	746.0
Other current assets	3,308.4	3,172.9	3,193.7	2,869.1
Total assets	4,355.4	4,273.5	4,368.9	4,122.6
ST debt	0.5	0.0	0.0	0.0
Other current liabilities	3,451.5	3,324.9	3,371.3	3,076.5
LT debt	7.4	7.4	7.4	7.4
Other LT liabilities	19.7	52.1	87.2	122.4
Shareholders' equity	873.8	886.7	900.5	914.9
Minority interest	2.5	2.5	2.5	1.5
Total liabilities & equity	4,355.4	4,273.5	4,368.9	4,122.6

CASH FLOW

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	335.7	342.2	367.5	379.2
Pre-tax profit	308.6	256.3	276.8	286.3
Deprec. & amort.	35.4	36.5	37.6	38.7
Working capital changes	(12.7)	17.0	18.0	19.0
Non-cash items	4.4	32.4	35.1	35.2
Investing	(76.8)	(80.0)	(79.0)	(78.0)
Capex (maintenance)	(48.9)	(80.0)	(79.0)	(78.0)
Investments	0.0	0.0	0.0	0.0
Others	(27.9)	0.0	0.0	0.0
Financing	(252.8)	(244.0)	(262.9)	(272.9)
Dividend payments	(259.0)	(243.5)	(262.9)	(272.9)
Issue of shares	0.0	0.0	0.0	0.0
Loan repayment	0.0	(0.5)	0.0	0.0
Others/interest paid	6.1	0.0	0.0	0.0
Net cash inflow (outflow)	6.1	18.2	25.5	28.3
Beginning cash & cash equivalent	361.4	659.0	681.2	711.7
Ending cash & cash equivalent	367.5	677.2	706.7	740.0

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	56.9	51.5	52.7	52.9
Pre-tax margin	52.4	46.5	47.8	48.0
Net margin	39.5	35.3	36.3	36.6
ROA	8.1	5.9	6.4	6.8
ROE	36.6	29.1	31.0	31.6
Growth				
Turnover	27.2	(7.5)	5.0	2.9
EBITDA	25.6	(16.3)	7.5	3.4
Pre-tax profit	27.7	(17.8)	8.0	3.4
Net profit	22.9	(17.3)	8.0	3.8
Net profit (adj.)	22.9	(17.3)	8.0	3.8
EPS	22.9	(17.3)	8.0	3.8
Leverage				
Debt to total capital	0.9	0.8	0.8	0.8
Debt to equity	0.9	0.8	0.8	0.8
Net debt/(cash) to equity	(74.5)	(76.0)	(78.2)	(80.7)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

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